

# **THE LEONARD LETTER**

*A weekly electronic newsletter about  
California government, business and taxes*

*Bill Leonard, Member  
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## **QUOTE OF THE WEEK**

*"No matter what anyone may say  
about making the rich and the corporations pay taxes,  
in the end they come out of the people who toil."*

*-- Calvin Coolidge  
(1873-1933), 30th U.S. President*

## **UNDER THE DOME**

### **\*\*\*Missing Senators\*\*\***

The mainstream press has again missed a political story. Governor Schwarzenegger's appointee to the State Board of Education, Joe Nunez, was on a deadline to be confirmed to that board by the Senate. The vote was scheduled by the Senate leadership with only days to go. Republican Senators had been in opposition to the nominee for months and it should not have been a surprise to the press that the Republicans voted against Nunez's confirmation. Democrat Senators had been supportive of this teacher/union leader nominated by the Governor. Yet the headlines all say "GOP kills appointment". The truth is that two Republican Senators crossed over and voted for Nunez. Their two votes combined with all 25 Democrat Senators would have given Nunez the 27 votes he needed, but he lost 25-11. That means that the Democrats actually killed his appointment. The press should be asking Senators Vincent and Calderon if their abstentions were purposeful.

### **\*\*\*Calling All Fellows!\*\*\***

My first job in the State Capitol was through the Assembly Fellows program, and throughout my tenure in the legislature, I employed Fellows to help them learn the legislative and governmental process. Now I am encouraging other to apply to participate in the Fellows program and this year's application deadline is February 28, 2007. Although the program is nonpartisan, I especially encourage Republicans to apply this year. Most applicants are Democrat, which means that Republican legislators who want to hire Fellows have limited choices. If you know of a Republican who would be interested, please forward this information.

The program provides college graduates (of any major, any age, and career background or fresh graduates) an opportunity to become full-time legislative staff members in Sacramento for 11 months beginning in October 2007. Fellows are assigned to the personal or committee staff of a senator or assemblyman and also participate in academic seminars with senior staff, journalists, lobbyists, and state government officials. These fellowship programs are jointly operated by the California legislature and Center for California Studies at Sacramento State University. Fellows are paid a stipend of \$1,972 per month plus benefits. They earn 12 units of graduate credit from Sacramento State for the academic portion of the program.

This is an excellent opportunity to gain first-hand knowledge of the legislative process. Outside of me, former Senate and Assembly Fellows include current members of Congress and the California Legislature, judges, and numerous other elected officials and community leaders. Anyone who will be at least 20 years of age and a graduate of a four-year college or university by September 1, 2007, is eligible to apply. There is no preferred major. Individuals with advanced degrees and those in mid-career are encouraged to apply. Applications and brochures are available at this website:

[www.csus.edu/calst/senate](http://www.csus.edu/calst/senate)

## **AROUND THE STATE**

### **\*\*\*Thank You\*\*\***

Thanks to all those who attended my swearing-in ceremony last Monday and also for the many kind messages sent by those who could not attend. I thank the ceremony participants: Pastor, Gil Wesley; FTB Executive Director Selvi Stanislaus; Assemblyman Charles Calderon; and Senator Dick Ackerman who was the master of ceremonies.

To my staff, thank you for making me look good.

To my campaign supporters, thank you.

Thanks also to my parents and family. Most of all, thanks to my wife Sherry. I could not do any of this without her.

To the Board of Equalization staff that works so hard to implement the law, treat taxpayers as customers, and make constant improvements, thank you.

As I said in my remarks, it is popular now to seek a post-partisan age in government. There is not a more post-partisan body of elected officials in state government today than the Board of Equalization. But, it is still important that each of us operate from guiding principles, or to use an out-of-fashion word – ideology -- in order to be consistent in how we read and apply the law. I claim two guiding principles – justice for taxpayers and impartial implementation of the law. There are times when the entire Board is frustrated that an impartial implementation of the law results in an unjust outcome. One excellent tax reform would be legislation to make our tax laws more logical and less complex, as well as give the Board the flexibility to apply the law

impartially. My second principle is justice. It is the wisdom of our ancestors to put these tax decisions in the hands of elected officials who are accountable to their constituents. The California Constitution and state law make an important statement that tax collection should be independent of the Governor and state fiscal priorities.

God Bless you all.

## **ISSUE FOCUS**

### **\*\*\*CalFacts\*\*\***

With all the budget stories this week there are good summaries of the Governor's major budget proposals. I will be pointing out interesting other items as the budget details unfold. In the meantime there is good material about our finances available. A very useful reference guide about California's economy and state finances was recently published by the Legislative Analyst's Office. If you are curious about anything from education funding to wildfires to foster care to the gas tax, go to this link to read "2006 Cal Facts":

[http://www.lao.ca.gov/2006/cal\\_facts/2006\\_calfacts\\_toc.htm](http://www.lao.ca.gov/2006/cal_facts/2006_calfacts_toc.htm)

### **\*\*\*Page After Page\*\*\***

I saw a frightening chart in The Economist magazine. It listed the number of pages of primary tax law, excluding state and local taxes, in several countries around the world. In first place for the most pages of tax law: India with about 9,000. Britain came in second with just over 8,000, then Australia with just under 8,000. Japan has more than 7,000 pages. The U.S. is in fifth place with about 5,000 pages. How much would you rather have? - Switzerland's is only few hundred pages.

### **\*\*\*Doing Business in the World\*\*\***

Rankings like the above make the U.S. look bad, but other indices demonstrate how much worse life is in most of the rest of the world. Take a look at the World Bank's Doing Business rankings:

<http://www.doingbusiness.org/>

The World Bank looked at how difficult it is to open a business in various countries. The scale shows how many procedures, how much time, and how great a cost would be involved in launching a commercial or industrial firm with up to 50 employees and start-up capital of 10 times the economy's per-capita gross national income (GNI). In the U.S., it takes a five-step process that can be completed in about five days at a cost of .7% of GNI, with no measurable minimum capital required as a percentage of income per capita. Compare that to Guinea-Bissau where it takes 17 steps, 233 days, 261.2% of GNI, and a minimum capital of 1,028.9% of income per capita. And the next time you are complaining about bureaucratic red tape,

consider that in Suriname, it takes 694 days to get a business going, most of which is taken to gather the President's personal act of approval.

## MISCELLANY

### \*\*\*A Good Read\*\*\*

Anyone who has studied a bit of California history or traveled through some of our state's larger cities knows that name Sutter. John Sutter looms large in California's pioneer history. He is known mainly as the discoverer of gold, but Albert L. Hurtado's "John Sutter: A Life on the North American Frontier" gives us the richness of Sutter's explorative efforts, desire to perfect his New Helvetia colony, and his desires for both fame and fortune. Hurtado published the book last year and wrote in the preface, "Surprisingly, there is no thoroughly documented, full-length biography of Sutter." He noted that new sources have recently become available that made such a biography now possible and he undertook the venture. The result is a book that not only tells the life story of a fascinating man, but the tale of the pioneer west, the natives who lived here, the conflicts between Mexicans and Americans and those caught in between. Hurtado writes that "many now condemn Sutter's acts and denounce attempts to extend additional public recognition to him." The book is neither an effort to vindicate Sutter (His reputation for killing Indians makes that difficult.) nor a justification of why he is unworthy of public recognition (Indeed, the book explains why so much of Sutter's ambitious undertaking is worthy of attention for its time and place in history). Hurtado's work helps a modern reader understand the challenges of frontier life, the hard work of making money in that environment, and the ethical dilemmas that Sutter faced in tackling both. Sutter was a flawed man, but his aspirations helped created the state in which we live today and should be better understood both as a cautionary tale and motivational account.

### \*\*\*New Citizenship Test\*\*\*

To see the official answers to the pilot U.S. citizenship questions below, go to <http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=dcf5e1df53b2f010VgnVCM1000000ecd190aRCRD>

51. How many justices are on the Supreme Court?
52. Who nominates justices to the Supreme Court?
53. Name one thing only the federal government can do.
54. What is one thing only a state government can do?
55. What does it mean that the U.S. Constitution is a constitution of *limited powers*?
56. Who is the Governor of your state?
57. What is the capital (or capital city) of your state?

58. What are the two major political parties in the U.S. today?
59. What is the highest court in the U.S.?
60. What is the majority political party in the House of Representatives now?

## **BOE AND LEGISLATIVE DATES**

**January 26, 2007** --- Last day for legislators to submit bill requests to the Office of Legislative Counsel.

**January 31, 2007** --- Board of Equalization meets in Sacramento.

**February 1, 2007** --- Board of Equalization meets in Sacramento.

**February 12, 2007** --- Abraham Lincoln's Birthday.

**February 19, 2007** --- George Washington's Birthday observed.

**February 23, 2007** --- Last day for bills to be introduced (J.R. 61(a)(1), J.R. 54(a)).

**February 27-28, 2007** --- Board of Equalization meets in Culver City.

**March 1, 2007** --- Board of Equalization meets in Culver City.

**March 20-21, 2007** --- Board of Equalization meets in Sacramento.

**March 29, 2007** --- Spring Recess begins upon adjournment (J.R. 51(a)(2)).

**March 30, 2007** --- Cesar Chavez Day.

## **NOTABLE DATES/ HISTORY**

**January 16, 1883** --- Congress passed the Civil Service Act, also known as the Pendleton Act, which created the American civil service system.

**January 16, 1919** --- Prohibition, the legal ban on the manufacture and sale of intoxicating drink, became effective in the U.S.

**January 16, 1977** --- Gary Gilmore was the first person executed by firing squad in Utah when the ban on the capital punishment was lifted.

**January 17, 1994** --- A magnitude 6.7 earthquake shook Southern California, killing 61 people and causing \$20 billion in damage.

**January 17, 1989** --- Five children were shot to death at Cleveland Elementary School in Stockton, by a gunman who then killed himself.

**January 18, 1777** --- San Jose, CA was founded. (It was incorporated March 27, 1850.)

**January 19, 1937** --- Howard Hughes flew from Los Angeles to Newark, New Jersey, in seven hours and 28 minutes, setting a new transcontinental flight speed record.

**January 20, 1937** --- President Franklin Delano Roosevelt became the first president to be sworn into office on January 20, as required by the 20th Amendment to the Constitution.

**January 20, 1961** --- President John F. Kennedy gave his memorable inaugural address that included the words, "Ask not what your country can do for you...."

**January 20, 1981** --- 52 American hostages were released from Iran after being held for 444 days.

## GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

## HOW TO CONTACT ME

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